

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK**

LEE VALLEY TOOLS, LTD.,)	
VERITAS TOOLS, INC. (Canada), and)	
VERITAS TOOLS, INC. (USA),)	10-CV-6242 (CJS)
Plaintiffs,)	
v.)	
WOODCRAFT SUPPLY LLC,)	
INDUSTRIAL BLADE COMPANY, and)	
ROBERT COSMAN,)	
Defendants.)	

**PLAINTIFFS' ANSWER TO INDUSTRIAL BLADE COMPANY'S
COUNTERCLAIMS**

Lee Valley Tools, Ltd., Veritas Tools, Inc. (Canada), and Veritas Tools, Inc. (USA) (collectively, "Lee Valley" or "Plaintiffs") respond to the Counterclaims of Industrial Blade Company, Inc. ("IBC") as follows:

1. Deny the allegations of Paragraph 1 of the Counterclaims except admit that IBC has asserted the Counterclaims referenced therein.
2. State that they are without knowledge sufficient to form a basis to admit or deny the allegations of Paragraph 2 of the Counterclaims.
3. Admit the allegations of Paragraph 3 of the Counterclaims.
4. Admit that IBC has asserted Counterclaims as alleged in Paragraph 4 of the Counterclaims and admit that the Court has subject matter jurisdiction.
5. Admit that this Court has personal jurisdiction over Plaintiffs in this matter, but otherwise deny the allegations of Paragraph 5 of the Counterclaims.
6. Admit that venue is proper in this action.

7. Deny the allegations of Paragraph 7 of the Counterclaims.
8. Deny that IBC was required to provide a 100% guarantee on every blade, but otherwise lack knowledge sufficient to form a basis to admit or deny the remaining allegations of Paragraph 8 of the Counterclaims.
9. Deny the allegations of Paragraph 9 of the Counterclaims.
10. Deny the allegations of Paragraph 10 of the Counterclaims.
11. Deny the allegations of Paragraph 11 of the Counterclaims.
12. Deny the allegations of Paragraph 12 of the Counterclaims.
13. Deny the allegations of Paragraph 13 of the Counterclaims.
14. Deny the allegations of Paragraph 14 of the Counterclaims.
15. Deny the allegations of Paragraph 15 of the Counterclaims.
16. Admit that IBC approached Lee Valley with a rough proposal for an acquisition of IBC in late 2008, and otherwise deny the allegations of Paragraph 16 of the Counterclaims.
17. Deny the allegations of Paragraph 17 of the Counterclaims.
18. Admit that the parties went their separate ways in 2009 and that Lee Valley started manufacturing blades for its hand planes on its own. Plaintiffs lack knowledge sufficient to form a basis to admit or deny the remaining allegations of Paragraph 18 of the Counterclaims.
19. Admit that Woodcraft issued advertisements for hand planes that touted various awards as referenced in Plaintiffs' Complaint, deny that the statements referenced in Plaintiffs' Complaint were or are literally true, and otherwise lack knowledge

sufficient to form a basis to admit or deny the remaining allegations of Paragraph 19 of the Counterclaims.

20. Deny the allegations of Paragraph 20 of the Counterclaims.

21. Deny the allegations of Paragraph 21 of the Counterclaims.

22. Admit that a cease and desist letter was sent to defendants in this action, that the letter demanded a written response by April 28, 2010, and that no substantive response was received by that date. Plaintiffs admit that they subsequently filed this action against defendants, and deny the remaining allegations of Paragraph 22 of the Counterclaims.

FIRST COUNTERCLAIM
(Lanham Act False Advertising and Trade Libel)

23. Plaintiffs incorporate their responses to the paragraphs above as though fully set forth herein.

24. Deny that there are any grounds for this cause of action.

25. Deny the allegations of Paragraph 25 of the Counterclaims.

26. Deny the allegations of Paragraph 26 of the Counterclaims.

27. Deny the allegations of Paragraph 27 of the Counterclaims.

28. Deny the allegations of Paragraph 28 of the Counterclaims.

29. Deny the allegations of Paragraph 29 of the Counterclaims.

30. Deny the allegations of Paragraph 30 of the Counterclaims.

31. Deny the allegations of Paragraph 31 of the Counterclaims.

SECOND COUNTERCLAIM
(Lanham Act Trade Dress Infringement)

32. Plaintiffs incorporate their responses to the paragraphs above as though

fully set forth herein.

33. Deny the allegations of Paragraph 33 of the Counterclaims.
34. Deny the allegations of Paragraph 34 of the Counterclaims.
35. Deny the allegations of Paragraph 35 of the Counterclaims.
36. Deny the allegations of Paragraph 36 of the Counterclaims.
37. Deny the allegations of Paragraph 37 of the Counterclaims.
38. Deny the allegations of Paragraph 38 of the Counterclaims.
39. Deny the allegations of Paragraph 39 of the Counterclaims.

THIRD COUNTERCLAIM
(Lanham Act Unfair Competition)

40. Plaintiffs incorporate their responses to the paragraphs above as though fully set forth herein.

41. Deny the allegations of Paragraph 41 of the Counterclaims.
42. Deny the allegations of Paragraph 42 of the Counterclaims.
43. Deny the allegations of Paragraph 43 of the Counterclaims.
44. Deny the allegations of Paragraph 44 of the Counterclaims.
45. Deny the allegations of Paragraph 45 of the Counterclaims.

FOURTH COUNTERCLAIM
(Misappropriation of Trade Secrets)

46. Plaintiffs incorporate their responses to the paragraphs above as though fully set forth herein.

47. Lack knowledge sufficient to form a basis to admit or deny the allegations of Paragraph 47 of the Counterclaims.

48. Lack knowledge sufficient to form a basis to admit or deny the allegations of Paragraph 48 of the Counterclaims.
49. Deny the allegations of Paragraph 49 of the Counterclaims.
50. Deny the allegations of Paragraph 50 of the Counterclaims.
51. Deny the allegations of Paragraph 51 of the Counterclaims.
52. Deny the allegations of Paragraph 52 of the Counterclaims.
53. Deny the allegations of Paragraph 53 of the Counterclaims.
54. Deny the allegations of Paragraph 54 of the Counterclaims.

FIFTH COUNTERCLAIM
(Tortious Interference with Business Relations)

55. Plaintiffs incorporate their responses to the paragraphs above as though fully set forth herein.
56. Lack knowledge sufficient to form a basis to admit or deny whether IBC has existing and prospective business relationships with numerous customers and/or potential customers, including but not limited to Woodcraft Supply LLC and Rob Cosman, and deny the remaining allegations of Paragraph 56 of the Counterclaims.

57. Deny the allegations of Paragraph 57 of the Counterclaims.
58. Deny the allegations of Paragraph 58 of the Counterclaims.

SIXTH COUNTERCLAIM
(Breach of Contract)

59. Plaintiffs incorporate their responses to the paragraphs above as though fully set forth herein.
60. Deny the allegations of Paragraph 60 of the Counterclaims.
61. Deny the allegations of Paragraph 61 of the Counterclaims.

62. Deny the allegations of Paragraph 62 of the Counterclaims.

PRAYER FOR RELIEF

63. Deny that IBC is entitled to the relief requested, including subparts A through I thereunder.

Affirmative Defenses

1. The Counterclaims fail, in whole or in part, to set forth a claim upon which relief may be granted.
2. The statements attributed to Lee Valley are literally true and therefore negate any claims relating thereto.
3. The Counterclaims are barred by the relevant statutes of limitations and/or laches.
4. The Counterclaimants are barred from bringing claims under the doctrine of unclean hands.

WHEREFORE, Lee Valley respectfully requests the following relief:

- A. Entry of Judgment in its favor and dismissing with prejudice all claims asserted by IBC;
- B. An award of attorneys' fees and costs incurred in connection with defending against IBC's claims; and
- C. An award of such other and further relief as this Court deems just and proper.

Dated: October 8, 2010
New York, New York

Respectfully submitted,

KILPATRICK STOCKTON LLP

By: /s/ Barry M. Benjamin
Barry M. Benjamin
Andrew Gerber
31 West 52nd Street, 14th Fl.
New York, New York 10019
Tel: (212) 775-8700
Fax.: (212) 775-8800
bbenjamin@kilpatrickstockton.com

Attorneys for Plaintiffs
Lee Valley Tools, Ltd.
Veritas Tools, Inc. (Canada)
Veritas Tools, Inc. (USA)